

STATE OF SOUTH CAROLINA)

(Caption of Case))

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

Application of Budget PrePay, Inc. for Designation as
an Eligible Telecommunications Carrier)

DOCKET
NUMBER: 2009 - 276 - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda
expeditiously

☐ Other:

INDUSTRY (Check one)

- ☐ Electric
☐ Electric/Gas
☐ Electric/Telecommunications
☐ Electric/Water
☐ Electric/Water/Telecom.
☐ Electric/Water/Sewer
☐ Gas
☐ Railroad
☐ Sewer
☒ Telecommunications
☐ Transportation
☐ Water
☐ Water/Sewer
☐ Administrative Matter
☐ Other: _____

NATURE OF ACTION (Check all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Discovery | <input checked="" type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |

Print Form

Reset Form

ELLIS:LAWHORNE

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November 5, 2009

FILED ELECTRONICALLY

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

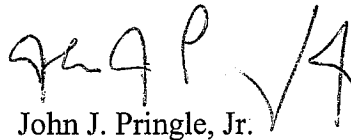
RE: Application of Budget PrePay, Inc. for Designation as an Eligible
Telecommunications Carrier
Docket No. 2009-276-C, ELS File No. 1959-11654

Dear Mr. Terreni:

Enclosed is the **Direct Testimony of Greg Hough** filed on behalf of Budget
Prepay, Inc. in the above-referenced docket.

If you have any questions or need additional information, please do not hesitate to
contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr

cc: Nannette S. Edwards, Esquire (via electronic mail service)
Gordon D. Polozola, Esquire (via electronic mail service)
R. Daniel Hyde, III (via electronic mail service)

Enclosures

BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION

Application of Budget PrePay, Inc. for)	Docket No. 2009-276-C
Designation as Eligible Telecommunications)	
Carrier)	

DIRECT TESTIMONY OF GREG HOUGH

ON BEHALF OF

BUDGET PREPAY, INC.

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is Greg Hough. I am Product Development Manager for Budget PrePay, Inc.
3 (“Budget”). My business address is 1325 Barksdale Boulevard, Bossier City, Louisiana
4 71111.

5
6 **Q. PLEASE BRIEFLY DESCRIBE YOUR BACKGROUND AND**
7 **QUALIFICATIONS.**

8 A. I have 12 years of experience in the telecommunications industry. My background and
9 previous experiences uniquely qualify me to initiate and help manage the daily reporting
10 and operational requirements of special programs and products.

11
12 **Q. PLEASE DESCRIBE YOUR CURRENT POSITION AND ITS**
13 **RESPONSIBILITIES.**

14 A. I am Product Development Manager for Budget PrePay, Inc. My responsibilities include
15 the development, marketing, operational process and reporting requirements of all current
16 products and special programs at Budget PrePay. I also oversee the Eligible
17 Telecommunications Carrier (“ETC”) designation process in new states. I report directly
18 to the owners of Budget PrePay.

19
20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 A. The purpose of my testimony is to discuss Budget’s qualifications to be designated as an
22 ETC by this Commission for the purposes of receiving federal universal service “Lifeline
23 and Link-up” support, and why such designation will serve consumers and the public

1 interest generally. I would like to incorporate by reference into this Testimony Budget's
2 application filed in this Docket.

3
4 **Q. PLEASE DESCRIBE THE COMPANY**

5 A. Budget is a competitive local exchange carrier ("CLEC") authorized to provide local
6 exchange services per Order No. 2000-0289 issued in Docket No. 1999-512-C, and
7 authorized to provide interexchange services per Order No. 2003-163 issued in Docket
8 No. 2002-291-C.

9
10 **Q. HAS THE COMPANY BEEN CERTIFIED AS AN ETC IN ANY OTHER STATE?**

11 A. Yes. Budget is currently designated as an ETC in Alabama, Florida, Louisiana,
12 Maryland, Nebraska, Oklahoma, and Tennessee, since the filing of its application with
13 this Commission, California, Mississippi and North Carolina. Budget has applications
14 pending in Kentucky and Georgia. Budget's ETC status is in good standing in all states
15 where granted.

16
17 **Q. DOES THE COMPANY CURRENTLY PROVIDE SERVICE IN SOUTH**
18 **CAROLINA?**

19 A. Yes.

20
21 **Q. IS THE COMPANY WILLING TO ADVERTISE THE AVAILABILITY OF ITS**
22 **SERVICES IN SOUTH CAROLINA, INCLUDING THE AVAILABILITY OF**
23 **LIFELINE AND LINK-UP?**

1 A. Yes. Budget will not only advertise the availability of our services throughout our
2 proposed service area, we plan to have a very heavy presence in low income areas, where
3 we believe a large percentage of lifeline eligible customers are being underserved.
4

5 **Q. WILL THE COMPANY COMPLY WITH THE COMMISSION'S ORDERS**
6 **REGARDING TO PROVISION OF INTEREXCHANGE AND LOCAL**
7 **SERIVCES?**

8 A. Yes. Budget will, at all times, provide and market services in accordance with applicable
9 Commission rules and orders. In addition, Budget at all times will provide interstate
10 services in compliance with all FCC rules and regulations.
11

12 **Q. WHAT LIFELINE AND LINK-UP DISCOUNTS WILL CONSUMERS RECEIVE**
13 **IN SOUTH CAROLINA?**

14 A. For Link-up, Budget will offer consumers 50% off our activation fee, up to a maximum
15 \$30.00 discount. On Lifeline, Budget PrePay will pass the required \$13.50 credit to all
16 eligible customers.
17

18 **Q. DOES THE COMPANY SERVICE PROMOTE AFFORDABLE TELEPHONE**
19 **SERVICE?**

20 A. Yes. Budget PrePay continuously seeks ways to pass on added value and special
21 promotions. Our goal is to provide low income customers with the most affordable
22 telephone service while maintaining fiduciary responsibility to Budget PrePay.
23

1 **Q. PLEASE DESCRIBE HOW THE COMPANY WILL PROVISION THE**
2 **SERVICES FOR WHICH IT SEEKS ETC DESIGNATION.**

3
4 A. Budget will continue to provide basic local exchange service on a pre-paid basis within
5 the State of South Carolina. Budget will provide local exchange services through a
6 combination of resale and through its own facilities leased through a commercial
7 facilities agreement (“CFA”) with AT&T. Through the provisioning methods outlined
8 above, Budget has the ability to offer all of the supported services outlined in Section
9 254(c) of the Telecommunications Act and CFR Section 54.101(a).

10
11 **Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED ETC SERVICE AREA.**

12 A. Budget seeks to be designated as an ETC is all of the non-rural wire centers of AT&T in
13 the State of South Carolina. Budget does not request ETC designation in any rural area at
14 this time.

15
16 **Q. FEDERAL LAW REQUIRES A CARRIER TO OFFER ITS SERVICE**
17 **THROUGHOUT A PROPOSED ETC SERVICE AREA IN RESPONSE TO ALL**
18 **REASONABLE REQUESTS FOR SERVICE, HOW DOES THE COMPANY**
19 **PROPOSE TO ACCOMPLISH THIS IN SOUTH CAROLINA?**

20
21 A. Budget’s commitment is to respond immediately to all reasonable requests for service
22 and to offer its service throughout its proposed ETC service area. We understand that the
23 best way to meet a reasonable request for service is to follow the process for provisioning
24 service set forth in the FCC’s ETC Report and Order released March 17, 2005.

1 **Q. HOW LONG DO YOU EXPECT IT TO TAKE TO PROVISION SERVICE TO A**
2 **CUSTOMER?**

3 A. Every situation is unique and must be handled on a case-by-case basis. In most cases
4 consumers are provisioned in one to two business days.

5
6 **Q. WHAT FACTS SUPPORT A FINDING THAT THE COMPANY HAS THE**
7 **CAPABILITY AND COMMITMENT TO OFFER AND ADVERTISE ITS**
8 **SERVICES THROUGHOUT ITS PROPOSED ETC SERVICE AREA?**

9 A. Budget has been providing high quality local service to low income customers since
10 1996. Budget PrePay is currently the largest provider of prepaid home phone service in
11 the United States. As mentioned above, Budget is currently designated as an ETC in ten
12 states and provides Lifeline/Link-Up service to thousands of customers in those states.
13 Budget's ETC status is in good standing in all states where granted.

14
15 **Q. DOES THE COMPANY SEEK FEDERAL HIGH-COST FUNDS BY MEANS OF**
16 **THIS APPLICATION?**

17 A. No. Budget is not requesting High-Cost support by means of this application for ETC
18 designation. Budget does not receive any High-Cost support in any of the states where
19 Budget is currently designated as an ETC. Budget only receives Link-Up and Lifeline
20 support.

21
22 **Q. WHAT IS A REASONABLE TIME FOR THE COMPANY TO OFFER AND**
23 **ADVERTISE THROUGHOUT ITS PROPOSED ETC SERVICE AREA?**

1 A. Budget is committed to doing so immediately. Budget will advertise as required and
2 promptly respond to all requests for service.
3

4 **Q. HOW WOULD THE PUBLIC INTEREST BE SERVED BY A GRANT OF ETC**
5 **STATUS TO THE COMPANY?**

6 A. With regard to the “public interest” test for ETC status, Budget believes that it is in a
7 unique position to serve the “public interest” when it comes to providing USF assistance.
8 Budget’s agent distribution and payment center network is an integral part of its unique
9 service as these agents operate in locations where low-income and credit impaired
10 customers conduct business. These end-users often have no where to go for phone
11 service as they have been disconnected by the incumbent LEC. These are the very people
12 that the USF was meant to assist. It is Budget’s belief that if it is granted ETC status, it
13 will be able to assist a large percentage of the very population that the fund was created
14 to help.
15

16 **Q. CURRENTLY, THE COMMISSION IS CONSIDERING RULES GOVERNING**
17 **THE DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS.**
18 **WILL THE COMPANY AGREE TO COMPLY WITH THE NEW RULES THAT**
19 **RESULT FROM THAT PROCEEDING?**

20 A. Yes.
21

22 **Q IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A**
23 **REPORT STATING THE NUMBER OF REQUESTS FOR SERVICE FROM**
24 **POTENTIAL CUSTOMERS WITHIN ITS SERVICE AREAS THAT WERE**

1 UNFULFILLED FOR THE PAST YEAR AND HOW IT ATTEMPTED TO
2 PROVIDE SERVICE TO THOSE POTENTIAL CUSTOMERS?

3
4 A. Yes.

5 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A
6 REPORT STATING THE NUMBER OF COMPLAINTS IT HAS RECEIVED?

7 A. Yes.

8
9 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A
10 CERTIFICATION THAT IT IS ABLE TO FUNCTION IN EMERGENCY
11 SITUATIONS?

12 A. Yes.

13
14 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY SUBMIT A
15 CERTIFICATION THAT IT IS OFFERING A LOCAL USAGE PLAN
16 COMPARABLE TO THAT OFFERED BY THE ILEC IN THE RELEVANT
17 SERVICE AREAS?

18 A. Yes.

19
20 Q. IF REQUIRED TO DO SO, WILL THE COMPANY ANNUALLY REPORT THE
21 NUMBER OF LIFELINE CUSTOMERS AND THE NUMBER OF CUSTOMERS
22 THAT RECEIVE LINK UP ASSISTANCE AS OF DEC 31st OF THE PRIOR
23 YEAR, AS WELL AS COPIES OF RESPONSES TO THE LIFELINE

1 **VERIFICATION SURVEY OR CERTIFICATION FILED WITH UNIVERSAL**
2 **SERVICE ADMINISTRATIVE COMPANY ON AUGUST 31 OF EACH YEAR?**

3 A. Yes.

4

5 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes.

7